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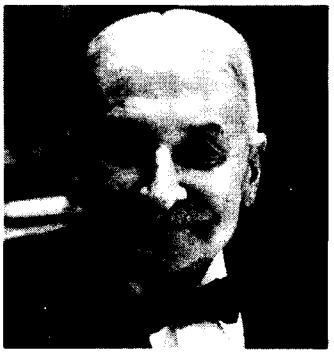

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Gray Areas

ENDGAMES: QUESTIONS IN LATE MODERN POLITICAL THOUGHT

John Gray
Polity Press, 1997, xii+212 pgs.

John Gray is a hard man to pin down. Just when you think you have understood his position, he declares inadequate what he has advocated only moments before. *Endgames* thus marks a definite stage forward in John Gray's thought. Before this book, he changed ideologies every six months: now, matters stay in constant uproar within the confines of a single book.

But John Gray does seem to hold fast to one constant. He finds much of contemporary political philosophy radically unsatisfactory. It says nothing of value to much of the world: "Unlike the liberalism of Hobbes, or of J.S. Mill, Rawls's liberalism has nothing to say to our contemporaries in Ankara, in Delhi, in St. Petersburg or in Shanghai. It is silent on the dilemmas confronting these people, the majority of humankind after all, who do not enjoy

A Quarterly Review of Books, by David Gordon

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the blessings of American institutions, and who may not even take any western country as their model" (p. 53).

Thus, Rawls is to be condemned for devising a political theory that depends upon the particular understandings of those who live in modern Western societies: far better a theory universal in scope, in the style of Hobbes or Mill. If you think you have now grasped our author's view, I fear that you do not know John Gray. Elsewhere he maintains that justification is local and contextual, appealing to Wittgenstein. He writes with evident approval of Richard Rorty's "sustained polemic against a certain conception of philosophy—the conception, roughly, that Wittgenstein attributed to F.P. Ramsay [sic] and condemned as 'bourgeois.' In this bourgeois understanding, philosophers aim to secure foundations of the practices of particular communities" (p. 56). (Names give our author trouble: besides "Ramsay" for "Ramsey" we have "John Ashberry" instead of "Ashbery" [p. 156].)

"Bourgeois" the quest for foundations may be, though I doubt it; but why is this observation an argument? By the way, it is implausible to attribute foundationalism to Ramsey, who was a pragmatist.

Regardless of the merits of Gray's case, it is now fairly clear what he has in mind. Universalist political theories, including classical liberalism, must be rejected because they disregard the contextual nature of justification. But at the same time, Rawls's *Political Liberalism* is to be condemned because it is local and contextual, in contrast to Hobbes's and Mill's far superior universalist theories. Welcome to the world of John Gray.

Those left reeling by Gray's espousal of contradiction need not give up hope: there *are* constants in his thought. One of these is loathing for the free market. He falls for the old bromide that the market destroys traditional values. Neo-liberal theory "failed to anticipate that among the unintended consequences of its policy of freeing up markets was a fracturing of communities, and a depletion of ethos and trust within institutions, which muted or thwarted the economic renewal which free markets were supposed to generate" (p. 36).

This view strikes me as radically false. As Mises stresses over and over, free market capitalism is a system of

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mass production for the masses. It provides consumers with whatever they wish to purchase: that is the way to fame and fortune. If people wish to retain traditional values and practices, will not producers have every incentive to offer them goods and services which are adapted to those preferences? Gray evidently takes the market to be a filtering device that sifts out preferences based on custom. But he neglects to tell us why the market has this singular property.

Gray not only thinks that the market destroys traditional values he also thinks that modern people have developed a new set of values.

Once more, we are in danger of underestimating John Gray's ability to hold beliefs that appear inconsistent. He accuses "neoliberal theory" of failing to recognize that "flourishing market institutions may be accompanied by, or even depend upon, non-individualist [presumably traditional] forms of social and moral life" (p. 35). He evidently has Singapore principally in mind here. How can the market both destroy traditional values, on the one hand, yet be accompanied by, and depend on, traditional values on the other? I fear that no one less eminent than an Oxford don can hope to understand this—I for one cannot.

In spite of this last example of—shall we say "tension"?—in Gray's thought, his dominant view stands out clearly: for him the market is a destructive force. One might expect that, since he condemns the market for loosening traditional bonds, groups that endeavor to maintain these values would win his support. But, once again, this is not John Gray's style. He sharply opposes such groups. They are "cultural fundamentalists" who seek to restore values that are irretrievably dead and gone." "'[T]raditional Christian morality' is for most people in Britain today not even a historical memory" (p. 129).

Perhaps we can reconcile the apparent contradiction in this way. The market destroys traditional values and is hence to be condemned. But it is too late to restore them: thus the efforts of cultural conservatives are futile.

But I do not think that this line of analysis will do the trick. Gray not only thinks that the market destroys traditional values (except of course when it depends on them): he also thinks that modern people, at least in Britain, have developed a new set of values. And of this phenomenon he is entirely in favor: "This common culture is liberal about sexuality and marriage and is concerned about illegitimacy and one-parent families only where they are unchosen and harmful to the interests of children.

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If you are looking for arguments for moral theories you had best exit *Endgames* at once.

It rejects religious beliefs about the value of human life and is favorably inclined to euthanasia. Increasingly, it departs not only from Christian values but also from humanism in its concern for the well-being of animals and the integrity of the natural environment, considered not as means to human purposes but as goods in themselves" (p. 129).

Let us pause to recapitulate. The market destroys traditional values; it is bad for doing so; groups that attempt to restore traditional values are bad; and we have a new set of non-traditional values that is to be applauded. Did the market produce *this* set of values? If it did, why does Gray condemn it; if it did not, how did these values arise? My head is swimming.

I hope no reader is so benighted as to ask why the new values are worthy of adoption. If you are looking for arguments for moral theories you had best exit *Endgames* at once. Argument is so "bourgeois," is it not?

The epigraph of this book might well have been "one step forward, two steps back." A last instance of Gray's pattern must suffice for now. The National Health Service, established by the post-World War II Labour government, was an institution of surpassing excellence. The attempt by Mrs. Thatcher's government to introduce market principles into the NHS led to disaster, and her innovations must be reversed. But the old NHS has gone the way of history, and efforts to restore it are futile.

I have so far presented a number of puzzles that arise out of John Gray's views. I should now like to pose a puzzle of my own. How can a once well-known classical liberal theorist embrace the farrago of nonsense on continual display in *Endgames?*

A vital clue that helps us solve this puzzle may be found on the last page of the text. Gray writes: "Rightly called the purest thinker of the West, Socrates embodied, if he did not originate, the understanding of humans as rational animals. By now it is very old news that such an understanding of ourselves is one of the many things that comes to an end with the modern age. Yet the idea of humans as thinking beings remains, perhaps, the chief obstacle to thinking in our age" (p. 186).

Now, the veil is removed, and we grasp John Gray's position in its inmost essence. He has decided to give up thought and has carried out his resolution with notable success. Who but a believer in outmoded rationality could fail to extend Dr. Gray congratulations? ✧

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An Economist Scorned

THE VICES OF ECONOMISTS—THE VIRTUES OF THE BOURGEOISIE
Deirdre N. McCloskey
Amsterdam University Press, 1996, 135 pgs.

Let me set readers' minds at ease. As most people will have heard, our distinguished author has recently found the gender in which he was born overly confining. Donald McCloskey, a noted economic historian, is now Deirdre McCloskey, and he often calls himself "Aunt Deirdre."

I fear that some readers will expect me to ridicule Deirdre's transformation. Of course I shall not do so: such unkind cuts are beneath me. Let us pass by this subject in silence: in particular, the temptation to remark on the photograph of the authoress that adorns the dust jacket must be resisted at all costs.

The Vices of Economists, unlike Deirdre herself, should be taken seriously. Though it contains a few useful insights, it needs to be handled with extreme caution. McCloskey sets forward three fallacies that, in her view, have ensnared many contemporary economists. Her choice of targets will delight some Austrians, who will rush to embrace this book, if not Deirdre herself. They should not do so; the positions she supports are far removed from genuine Austrian economics, and she reasons badly.

Austrians have been somewhat reserved in their enthusiasm for econometrics; and when McCloskey identifies what she deems a fundamental error in much of modern statistical economics, they will look on with interest.

According to our author, Lawrence Klein, a pioneer in the use of statistics in economics, made a "tragic mistake" that has misled generations of his successors (p. 28). Klein confused statistical significance with scientific significance. Establishing statistical relationships is important, but to do so does not tell us whether a particular effect matters. "What Klein and everyone else in modern science are looking for is a mechanical, uncontroversial way of deciding whether some effect is large or small. No human judgments, please: we're scientists" (p. 30).

No such mechanical procedure is to be had; once we have finished our regression analysis, we must decide—using criteria of human importance—how significant are our results. In particular, what exercises McCloskey is the danger of dismissing the statistically insignificant. Suppose that a particular study fails to demonstrate that seat belts save lives: the difference in survival rates between those who strap themselves in and those who fail to do so does not attain statistical significance.

Need this lack of statistical proof

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matter?, our author asks. No, she answers: even if the number of lives lost through failure to buckle up does not reach some magic number, human lives have been lost. Are not these lives humanly significant, whatever Klein and his acolytes say about statistics?

McCloskey cannot be faulted in her contention that statistical significance and human or scientific significance are different concepts, *tout court*. But I cannot applaud her for uncovering a major fallacy. Quite the contrary, Deirdre seems to me to be forcing an open door.

Who is it who is supposed to have identified the two types of significance? McCloskey does not tell us. The cases she mentions do not support any such claim of confusion. She cites several instances in which economists state their failure to arrive at statistically significant results; but she never shows that these writers dismiss the hypothesis they have tested as scientifically unimportant.

The point, I should have thought, is quite otherwise. A statistically insignificant result does not exclude the possibility that a hypothesis is humanly important. But we have not succeeded in verifying the hypothesis by the test we have undertaken. That is all that our alleged statistical miscreants are saying, no more and no less.

Consider, for example, her discussion of the master himself, Lawrence Klein. McCloskey quotes the following from Klein's first scientific paper: "The role of Y in the regression is not statistically significant.... This low value of the ratio means that we *cannot* reject the hypothesis that the true value of the regression coefficient is zero" (p. 31, citing Klein). How does this show that Klein confused the two sorts of significance? All that the passage says is that his results have failed conclusively to show a statistically significant relation.

McCloskey's real target is not just mathematics, but all deductive reasoning.

Deirdre might appear to Austrians a useful ally on another issue, yet once more her aid cannot be accepted. Austrians extend their criticism of mathematics in economics far beyond econometrics. According to Mises and Rothbard, the key method in economic theory is deductive and verbal: mathematical models, they claim, do not adequately represent human action. Should we then welcome McCloskey's spirited condemnation of "blackboard economics"?

I do not think so. McCloskey's real target is not just mathematics, but all deductive reasoning. Lest I be accused of caricature, let us listen directly to Deirdre herself. Speaking of her spoof, "The A-Prime, C-Prime Theorem," she says: "All that this

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rigmarole means is the commonsense point that if you are free to choose your assumptions you can deduce seriously any conclusions you want. Actually it says a little more. It says that in some ways of judging how far an assumption is from another, you can *slightly* change the assumptions and get any conclusion you want" (p. 84).

But why object to this? Is not part of what McCloskey says perfectly true? Indeed it is: the conclusion "Some women economists were once men" follows from the premise "Some women economists were once men." The difficulty lies not with the trivial point that given a choice of assumptions, you can deduce what you want.

McCloskey has devoted much attention, and several books, to methodology; but one word never passes her lips—praxeology.

Rather, the problem arises from what McCloskey does with the triviality. She in effect says: "You can deduce anything you want if you can pick your premises. Therefore, deductive theory by itself is useless. Without detailed historical investigations [naturally of just the sort in which McCloskey has specialized], economics will get nowhere."

Of course McCloskey's conclusion does not follow. What happens if you start with realistic premises, known to be true? Then, anything you validly infer from them must be true as well. Our author has not at all shown that deduction, apart from the empirical work she favors, is useless. Though I shall not pursue the point here (for which readers owe me many thanks and subscription renewals) McCloskey's "metatheorem" is in part mere bluster. She gives us no reason to believe that you can prove, by small changes to your premises, the opposite of any conclusions you have deduced.

McCloskey has devoted much attention, and several books, to methodology; but one word never passes her lips—praxeology. Has Deirdre ever heard of Mises? One presumes so; but why does she never mention, much less analyze, Mises's deductive method?

In a review of an earlier book by McCloskey, *If You're So Smart*, I raised this point. McCloskey sent me a pleasant letter in response: indeed, he (as she then was) has been much more courteous to me than I deserve from the tone of my reviews. Though he took issue with several points in my review, he said not a word about praxeology. What is going on here?

I fear that our authoress's distrust

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McCloskey avers: "I love economic theory." One cannot help recall the saying that we kill those we love.

of reason extends even further. She thinks that economic theories need not be logically consistent: "Again, if you don't know much about science, you might think that, well, surely a scientific theory must be consistent, at least. No, it need not be. Consistency is one intellectual value among many" (p. 75).

In defense of her bizarre view, she quotes a passage from Wittgenstein. McCloskey is right that Wittgenstein had interesting but troubling views on consistency. Unfortunately, she does not tell us what these views are, nor does she attempt to analyze them. The mere quotation from Wittgenstein's debate with Turing is enough for her. That settles it. Out with consistency! McCloskey, after all this, avers: "I love economic theory" (p. 91). One cannot help recall the saying that we kill those we love.

Readers will have noted that my comments on McCloskey's book have so far accented its deficiencies. But I am no "nattering nabob of negativism." Matters improve somewhat in McCloskey's discussion of her third vice, the arrogance of social engineering. Here she forthrightly and eloquently condemns efforts by planners to control the market. Of course, Deirdre uses a bad argument to support her defense of freedom, but we cannot ask for too much. McCloskey's argument, in essence, is this: Planners cannot use an economic model that predicts outcomes better than the market. If they could, they would be rich. "But having such Faustian power is to be a god or, in human terms, to be rich beyond the wildest dreams of avarice" (p. 104).

McCloskey has here pushed a commonsense point further than it will go. Someone with a guaranteed system for beating the stock market is unlikely to disclose it to others; if such systems exist, they are not likely to be in the public domain. But this hardly suffices to show that no such systems exist, only that the systems

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are not public. The response to McCloskey's inquiry, "If you're so smart, why aren't you rich" is "Some people are very rich" (Readers should have a look at McCloskey's evasion of this objection on p. 109).

Further, it is not impossible that winning systems *are* revealed: perhaps their inventors think them very complicated and unlikely to be adopted by the public. I hasten to add that I know of no such system—and if I did, I wouldn't disclose it.

But suppose that McCloskey is right: No one can out-predict the market. Does this tell conclusively, as McCloskey imagines, against social engineering? I cannot see that it does. Remember, social engineers are proposing to interfere with the market, not to predict the results of its unimpeded operation. If one cannot beat the market, how does this show that one cannot successfully regulate it? Fortunately, excellent arguments against interventionism exist; but McCloskey's is not one of them.

Nevertheless, McCloskey deserves credit for her defense of freedom. "[I]f you try to achieve The Rational Society, the one that maximizes Utility, you can easily create nightmares of unfreedom. You can see it in modern architecture.... You can see it in the startling share of government in national income, over fifty percent against five or ten percent a century ago" (p. 117). Well said, Aunt Deirdre. ✦

All in the Family?

MARX, HAYEK, AND UTOPIA
Chris Matthew Sciabarra
SUNY Press, 1995. x + 178 pgs.

Within *Marx, Hayek, and Utopia* lies a very good book struggling to escape. Chris Sciabarra has asked a penetrating question and brought to light important material in his pursuit of an answer to it. Unfortunately, he is enamored of an odd philosophical doctrine that he cannot refrain from discussing. This skews, but does not ruin, his presentation.

As everyone knows, Friedrich Hayek criticized socialism to devastating effect. For Hayek, the assault on socialism extended beyond economics. As he saw matters, socialists were in the grips of "constructivist rationalism." They falsely thought that they could subject society to total control through planning. Their schemes ignored the fact that society is a "spontaneous order," a phrase that readers of Hayek cannot fail to recognize. Only the market can handle the complex details of social organization. It does so by coordinating the "tacit knowledge" of producers and consumers.

Sciabarra asks a fundamental question: is Marxism a type of constructivism that falls before Hayek's

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critique? Hayek of course took it as a prime example of rationalism gone mad. Does not the *Communist Manifesto* famously promise an end to "all hitherto existing society?" After the fun and games of the dictatorship of the proletariat, humanity would be poised to enter the "kingdom of freedom." In that happy consummation, scientific planning would be the order of the day. What could be more constructivist?

Sciabarra is not convinced. He sees Marx as an ally, not an opponent, of Hayek. But how can this be? Does it not pass all understanding to enroll the founder of scientific socialism under the banner of Hayek's attack on the constructivists? Yet this is just what our author does: "Marx was fully cognizant of the limits of reason. He criticizes utopians for their belief that people can achieve collective competence instantaneously" (p. 60).

Cascades of words about alienation do not disguise the fact that Marx's view is arrant nonsense.

Here precisely lies Sciabarra's solution to the paradox. Hayek has struck with complete accuracy at the utopians. They foolishly imagine that ideal societies can be deduced from self-evident premises, entirely apart from history.

Not so Marx. Hayek's point, he holds, is entirely right—human beings cannot leap out of their historical context to devise utopians. But history itself develops so that the proletariat *can* assume conscious direction of society. We should, Marx thinks along with Hayek, always view events within their historical context. But when the proletariat rises in revolt, it does not transgress this essential precept. Hayek's principle of spontaneous order is, in Marx's view, itself not historical enough. It held true only within a certain period, but its day has come and gone.

"Whereas Hayek views the strictures on human knowledge as tacit and existentially limiting, Marx views them as historically specific to precommunist social formations. Marx—and his critical successors—suggest a resolution in which human agency triumphs over unintended social consequences through the full articulation and integration of tacit and dispersed knowledge" (p. 119).

Sciabarra does not endorse Marx's response—far from it. Indeed, though he does not tip his hand in the book, I suspect that he is on this issue a Hayekian. But, if Sciabarra does not agree with Marx's relegation of the market to the dustbin of history, an issue requires his attention. How has Marx in any way responded to the issue Hayek has raised? Has Marx shown that a complex modern economy can

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operate without benefit of the market? Quite the contrary, he refused to speculate on the shape of the future socialist paradise. To do so, he thought, would preempt history.

Here then is the issue that Sciabarra needs to confront. Granted that he has raised a key question—how might a Marxist respond to Hayek—he must go further. He needs to assess the cogency of the Marxist answer. Unfortunately, he largely neglects to do so. He does discuss several socialist responses to Hayek—of this more later.

But he never tells us why we should give the slightest credence to the Marxist pipe dream of transcending spontaneous order. More generally, he takes seriously the wildest flights of Marxist fantasy. He notes that the "Marxian vision is dependent on an implicit, systemic transformation that would end the fragmentation and division of labor and knowledge.... As the market process is transcended, systemic fragmentation would be brought to an end, socialism would unite knowledge and labor, providing the basis for a revolutionary change in the character of the production process" (p. 91). It is not enough that conscious planning replace the market; the division of labor must go as well. Once more, Sciabarra does not endorse this vision; he merely describes it. But this is just the problem. Suppose that someone presented, in elaborate detail, Charles Fourier's claim that in his utopia, the ocean would turn to lemonade. Without endorsing the view, our imagined author treated it as a serious proposal. Would we not think that something had gone wrong? If so, why not here? Cascades of words about alienation do not disguise the fact that Marx's view is arrant nonsense.

Why cannot our author call nonsense by its name? The answer lies in Sciabarra's philosophical position.

Exactly the same flaw infects one of the most valuable features of the book. Our author brings to light several socialist responses to Hayek. Perhaps the most significant of these has been offered by Hilary Wainwright, the wife of the world's most unintelligible philosopher, Roy Bhaskar.

Wainwright finds much merit in Hayek's emphasis on tacit knowledge. But she thinks Hayek is in thrall to an atomistic view of human knowledge. This our author vigorously combats: Hayek, in his view, needs no lessons from Marxists on the dangers of atomism. His conception of knowledge lacks for nothing in its sensitivity to the social.

Wainwright, like all influenced by

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Marx who address the calculation argument, thinks that Hayek underestimates the chances of collective control over the economy. Sciabarra responds with a degree of skepticism. "To posit an end to the market, or violent interference with its network of relative prices, is to posit an end to the very context which gives meaning to articulated and tacit epistemic elements" (p. 114).

Does Sciabarra intend this as a decisive denial of Wainwright? I am uncertain; he may be merely describing a Hayekian response. True, our author usefully adumbrates problems that arise in her scheme, but I suspect that his heart lies elsewhere than in the analysis of economic detail.

Once more, his prime concern is to contrast Hayek's point of view with Marxism, to the disadvantage of neither side. Though Hayekians might criticize Wainwright and her allies for overly "therapeutic means for the articulation of tacit elements of mind," the debate is not concluded. "[T]hinkers such as Wainwright and Habermas compel Hayekians to recognize the efficacious possibilities of a radical psychology" (p. 115).

Explanation of Sciabarra's talisman, internal relations, quickly throws us into very murky waters.

Again, Sciabarra has posed the contrast: Hayekian tacit knowledge and spontaneous order, versus Marxist conscious control. He declines to condemn the Marxist view: it, like Hayek's, counts as anti-utopian.

Why cannot our author call nonsense by its name? The answer, I venture to suggest, lies in Sciabarra's adoption of an unfashionable philosophical position. In part influenced by his dissertation advisor, the Marxist Bertell Ollman, our author professes the doctrine of internal relations.

Both Hayek and Marx, as he sees matters, adopt this principle. The attribution of the doctrine to Marx stems from Ollman: its ascription to Hayek is an innovation. The doctrine is for our author the key to all philosophical mysteries: its adoption allows a dynamic, dialectical concept of history. Rather than fall prey to "dualism," our author's *bête noire*, those with this key to the kingdom can see events in proper context.

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Sciabarra goes so far as to speak of Hayekian dialectics, although he humorously notes that some "commentators have stated that to accuse Hayek of 'dialectical affectations'...would make him turn around in his grave" (p. 17).

I must now issue a warning. Explanation of Sciabarra's talisman, internal relations, quickly throws us into very murky waters. But the issue is important, so I shall say a little about it—after all, this is my *Review*. According to internal relations, everything is essentially related to everything else. Put in a slightly stricter way, all of a thing's properties and relations are essential to it. (Can you see why it follows from this that everything is related to everything else? No, I'm not telling.)

In spite of the author's hobbyhorse, his book is well worth reading. If only he would reconsider internal relations.

Applied to human society, for example, proponents of this view maintain that you would not exist without your relations to other people and institutions. It is not just that you are strongly affected by what goes on around you: no one questions this. Rather, you would not exist at all, absent these relations.

Let's try again, in order to grasp just how radical the doctrine is. Consider this sentence: "If I had grown up in Japan, many of my beliefs would differ from what are in fact my actual beliefs." A proponent of internal relations will dismiss the antecedent of this statement as meaningless. I grew up in America, and my having done so is one of my essential properties. Thus there is no "I" who might have grown up elsewhere.

This view strikes me as radically at odds with common sense. Further, if one accepts it, science, which deals constantly with hypotheticals, goes by the board. Should we not be very careful before we saddle Hayek with so bizarre a view? (It is perfectly all right with me if Sciabarra wishes to enlist Marx as an internal relationalist.)

On what basis, then, does our author do so? His evidence consists in large part of passages where Hayek emphasizes "the importance of historical and systematic context...Both Hayek and Popper argue against reductionism in the social sciences since society is *more* than the mere sum of its parts" (p. 17).

I urge readers to look at Sciabarra's discussion (p. 15ff) for themselves, but for my part, I cannot see that anything he quotes demands that we must foist belief in internal relations on Hayek. No one, certainly not supporters of methodological individualism, denies that individuals are influenced by their social relations. But it does not follow

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that we can drop out the "influenced" and say: "individuals *are* (in part) their social relations."

Sciabarra of course disagrees; but he must adopt heroic measures to hew to his path. As even Macaulay's schoolboy knows, Hayek often defended methodological individualism. This doctrine clashes with the "organic" view that our author prefers. Individualists try to show how institutions arise from persons' actions (as Hayek endlessly reiterates, not necessarily with the results intended). To do so, one must be able to speak of individuals apart from these institutions—for Sciabarra, the supreme no-no.

What is Sciabarra to do? He is too good a scholar to ignore Hayek's defense of methodological individualism. But, he contends, in his later work, Hayek came to modify, if not give up altogether, the individualist view. If so, the Hayek our author has in mind must be *very* late indeed. When I attended Hayek's class on "Philosophy of Social Sciences" at UCLA in 1969, he seemed firmly in what for Sciabarra is the enemy camp. Perhaps, though, Hayek was then an immature thinker, and didn't come into his own until his 70s and 80s.

Suppose though, that Sciabarra is right about Hayek. So what? Has he given us any reason to adopt this view? I am constrained to say that he has not. Instead, Sciabarra piles up lists of what he takes to be favorable adjectives for his position: it is dynamic, organic, dialectical, etc. The opposed position is static, abstract, idealistic. One might call this, following the General Semanticists of unhappy memory, philosophy by purr and snarl words. Where are his arguments for internal relations?

In spite of the author's hobbyhorse, his book is well worth reading. If only he would reconsider internal relations... But he seems unlikely to do so. In another work of this prolific author, *Ayn Rand—The Russian Radical*, he endeavors to show that Rand was an organic, dialectical thinker, as well. As such she, like Hayek and Marx, is to be celebrated. Did it ever occur to Sciabarra to ask why? ✦

Wither'd Garland of War

THE COSTS OF WAR: AMERICA'S PYRRHIC VICTORIES
John V. Denson, Editor
Transaction Publishers, 1997. viii + 450 pgs.

The contributors to this outstanding volume have grasped a simple but unfashionable truth: war is a great evil. It entails horrible suffering and death on a large scale and has served as the principal means for the rise of the tyrannical state. Why then, do wars take place? So far as the wars of the United States, the chief subject of the book, are concerned, the contributors place the main blame on intellectuals and power-hungry

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politicians, often in the service of "merchants of death."

But a preliminary question first demands attention. Granted the manifest horrors of war, does it follow that all wars are morally forbidden? Such a course would quickly ensure disaster, since a people that totally renounced war would be ripe for invasion. As Hilaire Belloc's couplet puts it, "Pale Ebenezer thought it wrong to fight;/But roaring Bill, who killed him, thought it right."

The contributors to this outstanding volume have grasped a simple but unfashionable truth: war is a great evil.

Murray Rothbard answers our question with characteristic insight: "My own view of war can be put simply; a *just* war exists when a people tries to ward off the threat of coercive domination by another people, or to overthrow an already existing domination. A war is *unjust*, on the other hand, when a people try to impose domination on another people, or try to retain an already existing coercive rule over them" (p. 119). In order fully to bring out Rothbard's doctrine, one needs to add a corollary: "A people ought to fight only in just wars." (This corollary is needed because, in Rothbard's definition, a war can fit neither the just nor unjust class.)

But an obvious objection arises to Rothbard's account; and we can see much of *The Costs of War* as a response to that objection. Few besides pacifists will doubt the justice of defensive wars, but many think that other wars also count as just. In particular, is not war sometimes needed to bring down tyrants who violate human rights? What of the Southern slaves in antebellum America, or the Jews persecuted by Hitler? Surely war was needed to rescue these oppressed groups.

So, at any rate, conventional textbooks tell us; but our contributors dissent. Wars allegedly fought on moral grounds (other than defensive wars) fail to help the oppressed. Quite the contrary, they make matters worse for them. But how can our authors say this? Did not the Civil War, e.g., end slavery? Clyde Wilson, our foremost authority on the thought of John C. Calhoun, has an answer: "And of what did freeing the slaves consist? At the Hampton Roads conference, Alexander Stephens asked Lincoln what the freedmen would do, without education or property. Lincoln's answer: 'Root, hog, or die.' Not the slightest recognition of the immense social crisis presented to American society by millions of freedmen. The staple agriculture of the South, the livelihood of the blacks as well as the whites, was destroyed" (p. 165).

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Well, however badly off the ex-slaves, were they not at least free? No doubt; but very likely slavery would have soon ended without the need for war. After all, slavery was brought to an end everywhere else in the Western Hemisphere except Haiti on a peaceful basis. Further, the war brought with it an immense consolidation of power in the central government. This took place under the aegis of Abraham Lincoln, who, John Denson informs us, "has been termed 'America's Robespierre,' not primarily for the conduct of the war toward the South, but rather for his unconstitutional and tyrannical treatment of American citizens in the North" (p. 26). And of course the casualties of the war, the bloodiest in our history, must be weighed in the balance against the alleged good results of it.

The case against the Civil War becomes even more decisive when one challenges a premise we have for the sake of argument let so far pass unquestioned. Contrary to its latter-day apologists, the war was not fought to end slavery. Preservation of the tariff, by which the North exploited the South's economy, ranked foremost in Lincoln's calculus of reasons to launch the war, and emancipation of the slaves not at all.

If the Civil War does not support the argument of the "humanitarians with the guillotine," in Isabel Paterson's apt phrase, what of that universal example in moral philosophy of the worst possible case? I refer of course to Hitler. Was not armed intervention necessary to thwart his murderous policies?

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Ralph Raico takes up the challenge in his brilliant essay, "Rethinking Churchill." Raico poses a question that at once suffices to overthrow the conventional wisdom on this topic. "A moral postulate of our time is that in pursuit of the destruction of Hitler, all things were permissible. Yet why is it self-evident that morality required a crusade against Hitler in 1939 and 1940, and not against Stalin? At that point, Hitler had already slain his thousands, but Stalin had already slain his millions.... Around 1,500,000 Poles were deported to the Gulag, with about half of them dying within the first two years" (p. 277).

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Yes, no doubt Churchill turned a blind eye to Stalinist tyranny; but did he not at least rouse the world against Hitler? But at what cost? Hitler's appalling massacres and massively extended concentration camp system were the result of the war, not its precursor. And Churchill did not shrink from atrocities of his own, including saturation bombing of civilians. The firebomb raids over Dresden, a city without military significance, are a grim commentary on the "moral crusade." Just as in the Civil War, armed intervention worsened a bad situation.

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And Raico's essay points up another parallel between the two wars. Lincoln did not begin the Civil War in order to end slavery. In like manner, Churchill was no humanitarian moved to act by Hitler's ruthless cruelties. "It is curious how, with his stark Darwinian outlook, his elevation of war to the central place in human history, and his racism, as well as his fixation on 'great leaders,' Churchill's worldview resembled that of his antagonist, Hitler" (p. 260).

Unfortunately, politicians such as Lincoln and Churchill do not stand alone in their avidity for war. As Murray Rothbard documents to the hilt in "World War I as Fulfillment: Power and the Intellectuals," the self-styled "advanced thinkers" are quite willing to impose suffering and death upon others, if doing so will advance their mad schemes. As Rothbard notes: "War...offered a golden opportunity to bring about collectivist social control in the interest of social justice" (p. 225).

John Dewey, the eminent pragmatist philosopher, is a prime example of Rothbard's thesis. "Force, he declared, was simply 'a means of getting results,' and could therefore be neither lauded nor condemned per se" (p. 225). Why not use the war to advance the cause of a planned society? Those who sought to interpose natural rights as an obstacle to these plans—say, the right not to be killed merely to advance the goals of an addlepated professor—were defenders of outmoded absolutes. Ethics is contextual; and alleged rights fall before the "end in view"—in this case the need to overcome the menace of German philosophical idealism. (Those who suspect I am guilty of caricature should examine Dewey's broadside, *German Philosophy and Politics*.) It will come as no surprise that Dewey ardently endorsed U.S. intervention in World War II.

Readers of *The Costs of War* will be struck not only by the malign

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influence of intellectuals in promoting war and statism, but also by the importance of particular arguments in that endeavor. Robert Higgs presents an example of vital significance in his fine essay "War and Leviathan in Twentieth-Century America: Conscription as the Keystone."

He points out that the exigencies of war have often been used to justify the inroads of the state. Conscription in particular provides the excuse for despotism. "The formula, applied again and again, was quite simple: If it is acceptable to draft men, then it is acceptable to do X, where X is any government violation of individual rights whatsoever. Once the draft had been adopted, then, as Louis Brandeis put it, 'all bets are off'" (p. 313).

One might add to Higgs's analysis that Oliver Wendell Holmes played an especially important role in propagating this argument. And as Holmes used it, the argument was by no means restricted to wartime. Rather, Holmes's view was that since the state rightfully asked men to sacrifice their lives during war, it could require lesser sacrifices during peacetime, should dire social need require it. This is precisely the way Holmes justified sterilization of the feebleminded in *Buck v. Bell*.

Let us end where we began, with the Civil War. In "Rethinking Lincoln," Richard Gamble shows the influence of another bad argument. When the southern states seceded from the Union, Lincoln argued that they had acted illegally. On what basis did he claim this? To Lincoln, the union preceded the states: in his opinion, "the union was not only perpetual, antecedent to the Constitution, and the creator of the very states that now sought to leave, it was also a spiritual entity, the mystical expression of a People" (p. 137). The argument has nothing to recommend it as history: did Lincoln ever ask himself who ratified the Constitution? But how terrible its results! Once again, as Richard Weaver said, "ideas have consequences."

I have been able to comment on only a few of this volume's outstanding essays. Those who wish exposure to what Harry Elmer Barnes called a revisionist brand of history cannot do better than to secure immediately a copy of *The Costs of War*. ✦

Whose Style? Which America?

ASSIMILATION, AMERICAN STYLE
Peter D. Salins
Basic Books, 1997. xi + 259 pgs.

Peter Salins, Professor of Urban Affairs and Planning at Hunter College, has good news. Americans need no longer worry about immigration, so long as a simple and straightforward plan is adopted: all immigrants must assimilate.

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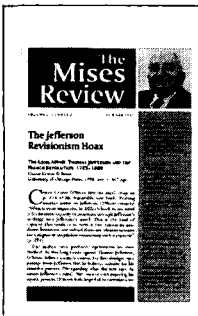
By this term, our author makes apparent, he does not mean that immigrants must give up their ethnic culture. To think so is to confuse assimilation with acculturation, the adoption of a common culture. "Acculturation may or may not accompany assimilation. Usually, immigrants who assimilate—or at least their children—become acculturated as well, but not always and not completely" (p. 56).

Acculturation, then, is not a necessary condition for assimilation. Neither is it sufficient: an ethnic group may share standard American culture, yet fail to be assimilated. We shall very soon see an incredible extension of this idea which our author develops.

But to understand this, we must of course grasp what Salins has in mind by assimilation. This he makes quite clear: "Assimilation, American style set out a simple contract between the existing settlers and all newcomers. Immigrants would be welcomed as full members of the American family if they agreed to abide by three simple precepts: First, they had to accept English as the national language. Second, they were expected to take pride in their American identity and believe in America's liberal democratic and egalitarian principles. Third, they were expected to live by what is commonly referred to as the Protestant ethic (to be self-reliant, hardworking, and morally upright)" (p. 6).



Subscription to *The Mises Review* is $15.95 for four issues.

I have quoted this passage at some length because it is an example of what I most relish as a reviewer: a sitting target. First, in speaking of "Assimilation American style," Salins falsely insinuates that at some time in our past, a consensus supported massive immigration. No doubt some people did; but the issue has throughout our history occasioned controversy. Indeed, Salins sometimes recognizes this himself. He ridicules those, such as Peter Brimelow, who do not share his insouciant optimism about the blessings of ever more aspirants to the American Way. Do not these alarmists echo old and discredited warnings in the past about dangerous immigrants? Brimelow and company are but the Know Nothing party revived.

In his assault on contemporary nativists, as he is pleased to call them, our author leaves a flank exposed. If current opponents of immigration repeat old claims, then, obviously, there *has been* opposition to immigration. How then can Salins claim that a consensus supported "assimilation American style?" Salins falls victim to a common fallacy: he imputes controversial views of his

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own to an imaginary American tradition.

But suppose he is right and that a consensus of Americans *did* at one time endorse large scale immigration. It would not follow from this that immigrants were offered a contract: accept the terms of "assimilation, American style" and you may enter the United States as a matter of right. Immigration has always been taken to be a matter of privilege: no one has a contractual right of access.

Perhaps Salins would be kind enough to produce the passage from the Bill of Rights that mentions a right to vote.

But we have not yet arrived at the ridiculous. For that, we must proceed to the terms of the contract. The first of these, English as a national language, is relatively innocuous. True, as Salins himself notes, many immigrants rejected this clause of their "contract." "Between 1840 and 1890, the United States admitted 4.5 million German immigrants.... The Germans aggressively resisted English-language dominance and made strong claims for allowing German to be the language of instruction in public schools in German-speaking neighborhoods and towns" (p. 27).

So far, then, we have a contract that a large group of immigrants repudiated. Matters become even stranger when we reach the second clause of the contract: immigrants, like all Americans, must accept a common ideology. In saying this, Salins evinces his own imperfect assimilation. The notion of a national creed is alien to the American tradition. It stems from the "civil religion" of Rousseau: according to that dubiously sane "Great Mind" a society needs to be unified by common articles of belief. Those who reject the civil religion may in some circumstances be executed; this is a refinement Salins has not yet added to the contract.

The American tradition, I should have thought, views matters in an entirely different light. No doubt many Americans in fact share common beliefs about all sorts of things: but a society can exist perfectly well with no national creed. We may go further: it is inimical to a free society to require adherence to a national creed. Does not the First Amendment, which provides that "Congress shall make no law respecting an establishment of religion," forbid this? Why should we take the amendment to apply only to genuine religions, rather than to secular substitutes for them as well? Incidentally, the assumed need for a civil religion pervades contemporary leftist political

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thought. It is a major feature, in a mild form, of John Rawls's *Political Liberalism*: everyone must agree to confine himself in political debates to a shared set of premises.

But let us set aside this point (much better to set aside the entire book; but I have not yet finished kicking Professor Salins). What about the articles of the creed? According to our author, one is required to esteem the founding documents of our country, including the Declaration of Independence and the Constitution. It appears, however, that the good professor himself has at best a tenuous grasp of these works. He informs us that "[u]nder the new constitutional order of the United States, this policy [of turning immigrants into citizens] meant conferring on immigrants the civil liberties of the Bill of Rights, including the right to vote" [!] (p. 21). Perhaps Salins would be kind enough to produce the passage from the Bill of Rights that mentions a right to vote; I have been unable to locate it.

I have so far been remiss: I have left out a crucial part of Salins's view. It is not only the Declaration of Independence and the Constitution in which the American Idea is "enshrined" [!]; "Lincoln's magnificent Gettysburg Address" ranks with the other two documents as a "universally revered text" (p. 108). The address, "memorized by every American schoolchild," forms, along with the Declaration, "the inspirational seal of the American people" (p. 109).

Immigration poses many difficult problems, but I cannot think that Professor Salins's book contributes in the slightest to their solution.

One cannot help but wonder whether our author has ever heard of the South. In that region, Lincoln hardly ranks as a beloved figure. Do Southerners count as Americans?

The "contract" has a curious logical property—it refers to itself. The second clause requires that one profess belief in the American Idea, and one of the provisions of that Idea is the immigrant contract. In order to qualify as a good immigrant then, you must profess belief in unlimited immigration. But I do Salins an injustice: I have understated his radicalism. Unless you accept immigration on the terms of his contract, you do not qualify as a true American. Those born in America who presume to differ from Salins about proper policy on immigration are "unassimilated." One wonders whether they may be expelled and replaced with suitably indoctrinated aliens.

One clause of the contract remains to be discussed: acceptance of the Protestant ethic. In his discussion of

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this, Salins sinks far below his already abysmal level of competence. He states: "[a]ccording to the Calvinist doctrine of predestination, prosperity (unblemished by other sins) was a sure sign that a person was a member of the elect, entitled to pass through the gates of Heaven. To prosper, one had to succeed in work. To succeed in work, one had to labor long and hard and save the fruits of one's labor" (p. 126). One gathers that Salins's acquaintance with salvation by faith, a key doctrine stressed by all the Protestant Reformers, does not run very deep. He appears to have confused Calvin with Reverend Ike.

Immigration poses many difficult problems, but I cannot think that Professor Salins's book contributes in the slightest to their solution. Why does this ignoramus presume to instruct others? ✦

No Contest

PERFECT COMPETITION AND THE TRANSFORMATION OF ECONOMICS
Frank M. Machovec
Routledge, 1995. xi + 391 pgs.

Doctoral dissertations seldom make good books. Even the most trivial assertion in a thesis must be footnoted; and the author, much to the reader's discomfort, must demonstrate his control of his subject in excruciating detail. But occasionally, the virtues of the form triumph over its limitations; and Frank Machovec's excellent work is one of these happy exceptions. His extraordinarily thorough research illuminates many areas of economics.

Machovec's choice of topic manifests his courage. The mathematical formalism favored by Léon Walras has come to dominate modern economics. Elaborate models of perfect competition are the prime topic of contemporary microeconomics; and newcomers to the subject often think that they have walked by mistake into a seminar of the mathematics department.

Like other Austrians before him, Machovec contends that models of perfect competition do not adequately account for the characteristic features of competition in the real world. Our author is not an Austrian of the strictest observance, and he does not renounce the use of these models altogether. "As one who holds undergraduate degrees in mathematics and meteorology, I am an equivocal supporter of the value of formalism in economics. I fully concur with Jevons's observation that, in a discipline devoted to the study of small marginal effects, the widespread employment of calculus is inescapable" (p. 9). But the dominant theme of his book is not the benefits of formal models, but their limitations.

When formalists face attack, they are liable to respond with derision. "Who are you," they will say, "to challenge the way economics is done? If you do not like our mathematics,

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found your own discipline." Machovec neatly turns the flank of this rejoinder. The mathematical economists are themselves interlopers. They falsely contend that their models develop the insights of the great classical economists of the nineteenth century. In fact, our author contends, they do not do so: formalistic analysis neglects the process approach to competition favored by the classicals. The Austrian critics of perfect competition, not its latter-day proponents, carry on the study of economics as it has been historically conceived.

The Austrian critics of perfect competition carry on the study of economics as it has been historically conceived.

But what exactly is wrong with mathematical models? For one thing, they assume that the market price cannot be changed by the actions of an individual producer: prices are parametric. Further, individuals operate with perfect information. "Since Knightian perfect competition assumes perfect knowledge by all producers and consumers, a market populated solely by price-taking firms will have only one price charged to all buyers" (pp. 101-102). And of course if the law of one price obtains, mathematical analysis gains a firm foothold.

Machovec's argument must confront an objection. Perhaps, it will be claimed, the models of past days rested on overly restrictive assumptions; but we have overcome all that. Do we not now have models that allow for imperfect information?

Our author is not to be put off this easily. These models, he contends, fail to take account of genuine uncertainty. "The equilibrium theorist assumes that the decision-maker is already drilling in the right field, whereas the process theorist emphasizes that recognizing the appropriate place to start digging is the big hurdle. In equilibrium theory, the probabilistic outline of the unknowns is already known, thereby enabling a Stiglerian marginal benefit, marginal cost analysis to reap an optimal outcome. Equilibrium theory simply cannot address the real problem: *where* to search and *what* to search for" (p. 171).

This response gives rise to a new objection. What if the mathematical economist says: All right, we do use unrealistic assumptions. So what? They work. Have you never read Friedman's "The Methodology of Positive Economics?"

Machovec directly confronts this counterargument, and to my mind his answer is the best feature of the book. He shows that adoption of the mathematical model leads to serious

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mistakes, especially when the model is taken as a welfare ideal by which to judge the actually existing market.

Our author's account of the socialist calculation debate impresses me as especially insightful. When Ludwig von Mises demonstrated in 1920 that a socialist economy could not rationally allocate production goods, he left socialists in disarray. What were they to do? Oskar Lange, a Marxist who was also a leading neoclassical theorist, found what he took to be an escape. Whatever the market could do, so could socialist planners: they had merely to allow the managers of socialist enterprises to compete for resources. "Lange concluded that the problem of socialist calculation can be solved, theoretically, through a series of trial-and-error prices. Producers react to shortages (or surpluses) by raising (or lowering) their prices until general equilibrium is reached" (p. 53). Mises, in Lange's view, was hoist with his own petard: his demonstration that the market worked efficiently by that very fact showed that socialism also is efficient. The equations of equilibrium are the same in both systems. Lange's argument won over most of the economics profession, until the collapse of communism made it clear that Mises was right.

Machovec has made an outstanding contribution to economics.

What blinded so many eminent economists for so long to the validity of Mises's argument? For our author, the culprit is equilibrium analysis. Wrongly taking the perfect competition model to be a picture of an economy as it ideally ought to work, economists saw no reason a socialist system could not allocate resources according to the model's requirements. Had they grasped that, for actors in the market, uncertainty is rampant, they would have realized that their models of efficient socialism were useless.

Machovec uncovers a surprising fact about the debate over Lange's model. One of Lange's sharpest critics was Maurice Dobb, a Cambridge University economist who was a committed Communist. Lange's system allowed considerable governmental redistribution of income; and here Dobb found a fatal flaw. "By moving toward a more equal distribution of income, the socialist state buys more equality only by inducing inefficiency. This wrote Dobb, 'is the central dilemma' faced by socialism" (p. 54). I hasten to add that Dobb did not agree with Mises that socialism was inefficient. He favored full-scale central planning and failed to confront Mises's argument at all.

Our author devotes considerable attention to showing that economists before the mathematical revolution had a much more accurate conception than their successors of how the

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market works. They realized that, in a world of uncertainty, the entrepreneur's role is vital. Prosperity depends on enterprisers whose judgment enables them to anticipate the wishes of consumers and shift resources accordingly. The linchpin of the economic system is that information is *not* perfect.

Among the nineteenth-century figures who clearly saw this, I was surprised to learn, was Jeremy Bentham. "Every thing which is *routine* today was originally a *project*...; and when new, it was the production of that *mischievous* and bold race...of projectors [Bentham's term for entrepreneurs]!" (p. 115, quoting Bentham).

Bentham's views, though innovative, were by no means anomalous in the nineteenth century, as Machovec abundantly shows. But readers who wish to study the historical details should consult the book directly. I found especially valuable Alfred Marshall's warning against too much reliance on static models (p. 243).

Inevitably, at least when I am the reviewer, a few details arouse misgiving. While Machovec has conclusively shown the falsity "of the neoclassical claim that the classical theory of the market was entrepreneurless" (p. 2), he has not shown false the claim that mathematical models formalize particular *aspects* of the classical view. I doubt that his claim that Bakunin was influenced by "the practices of early communal Christians" is correct (p. 327, n. 12). He seems to me to allow too much scope for the state to regulate monopoly (p. 303). And the claim that "[I]f I *already know* the consequences of each available course of action open to me, then the ultimate path is, in effect, given, not chosen" (p. 72) seems dubious. To know that something will happen does not fix how one values it.

I'm sorry—I had to insert that last paragraph. The remarks in it do not detract from the fact that Machovec has made an outstanding contribution to economics. ✦

Cheap Shot

"UNSOUND CONSTITUTION"
George P. Fletcher
The New Republic (June 23, 1997), pgs. 14–18.

George P. Fletcher, Cardozo Professor of Jurisprudence at Columbia Law School, thinks that the Timothy McVeigh trial teaches us an important lesson about the Constitution. Many Americans, particularly those on the "radical right" labor under a delusion.

These extremists think that "the People...are superior to constituted government authority. They are in a position to judge whether the government has exceeded its authority" (p.16). Imagine that! Some Neanderthals are so ignorant as to believe that the government is the servant of the people, not their master. But is

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not this view the linchpin of the Declaration of Independence? After a "long chain of abuses and usurpations" the signers of the Declaration asserted just the right that Fletcher denies that people validly exercise. And does not the Constitution establish a strictly limited government with key powers "vested in 'the People,' who proceeded and superseded [sic] the Constitution they established" (pp. 14, 16)? Our author has not grasped what "supersede" means, but one cannot ask for literacy from a Certified Pundit.

"Organic nationhood." What is this but a cant phrase for totalitarianism?

It appears, then, that the "extremists" have history on their side. Who cares?, our author responds. We must abandon the futile quest to apply the Constitution in its original intent; there lies the path to McVeigh.

I pause for a moment to digress. I know nothing about Mr. McVeigh's constitutional opinions; whether he is a strict constitutionalist of the sort that Fletcher detests must remain for most of us a matter of conjecture until he decides to open his mouth. Why then does Fletcher saddle originists with him? Were it not unthinkable that so eminent a theorist could stoop so low, one might suspect the Cardozo Professor of taking a cheap shot.

But let us return to the "argument." The original republic "was grounded in a contradiction" (p. 16). You guessed it; the Constitution condoned slavery. (By the way, what is contradictory about a system that grants freedom to some but not others? Slavery is, of course wrong, but why contradictory?) As such, it is not entitled to our respect. "The People have no power either to secede as states or to abolish the national government" (p. 16). Abraham Lincoln, the founder of the "new Constitution" made this clear.

The Cardozo Professor has anticipated the obvious objection to his "new Constitution." Is this not a blueprint for tyranny? "Organic nationhood" (p. 17) indeed! What is this but a cant phrase for totalitarianism?

Not at all, Fletcher replies. Thanks to Lincoln and his successors, we now realize the importance of Equality (capital courtesy of Fletcher). So long as we all vote we have nothing to fear from the state. "The most significant...aspect of the new Constitution is that it necessitates an activist federal government...government must interfere in the states and in private affairs to protect the disadvantaged" (p. 18).

Professor Fletcher appears to have confused the U.S. Constitution with the Soviet Constitution of 1936. He understands nothing of the American tradition—hence, he is an eminent expert. Q.E.D. ✧

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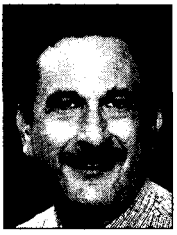

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